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TONELLI, P. A. *La speculazione di borsa*. (Rovigo: Tip. Sociale. 1913. Pp. xii, 236.)

VAN ANTWERP, W. C. *The stock exchange from within*. (New York: Doubleday, Page. 1913. Pp. 459, illus. \$1.50.)

WEINER, A. E. *Das französische Patentwesen*. (Mannheim: J. Bensheimer's Verlag. 1913. Pp. 245. 5 m.)

WOOLF, A. H. *Short history of accountants and accountancy*. (London: Gee & Co. 1913. Pp. xxxi, 254. 7s. 6d.)

To be reviewed.

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————— *The American Association of Public Accountants 1912 year-book*. (New York: Ronald Press. 1913. Pp. 300. \$1.50.)

### Capital and Capitalistic Organization

*Railroad Finance*. By FREDERICK A. CLEVELAND and FRED WILBUR POWELL. (New York: D. Appleton and Company. 1912. Pp. xv, 462. \$2.50.)

This scholarly volume may be regarded as a continuation of *Railway Promotion and Capitalization in the United States* by the same authors. The earlier book was a financial history of American railway development, while this is a critical description of present-day financial practice. It is difficult to define satisfactorily the proper limits of a book on business finance. Where should the study of financing end and the study of accounting and operating activities begin? No authoritative answer has yet been worked out. So it is not surprising that the authors occasionally wander into by-paths that lead far away from their main subject. There is a chapter, for instance, on Some Financial Aspects of Operation which is concerned wholly with traffic and labor problems, and a chapter on Accounts and Statistics which is devoted to accounting methods. On the other hand some important topics are not adequately treated. Underwriting certainly deserves more than a brief summary. Next to nothing is said about accumulation of surplus, dividend policies, and the management of working capital. In spite of these digressions and omissions, the material as a whole is well organized. The authors take up in the order named, promotion, original capitalization, finances of construction, financing equipment, organization for financial management, protection of the corporate estate, management and distribution of the surplus, insolvency, receivership, reorganization, consolidation, overcapitalization.

Probably the book's chief contribution to theory is to be found

in the treatment of capital and capitalization. Capital is defined as "those assets of the corporation which have been provided and which are intended for continuing, productive use"—a definition which conforms to economic, though not to business, usage. If the definition is to hold water, it must be interpreted, as the authors evidently intend, to include not only fixed assets but also the net amount of current assets which must be permanently provided by the corporation. This capital or corporate estate should be clearly distinguished on the balance sheet, so that an investor may readily see whether it remains intact or not. To bring out the facts in striking form the authors propose a "double balance sheet," in which capital assets and liabilities are set off against each other in a section separate from current assets and liabilities. The proposal seems valuable and practical, though it presents some accounting difficulties. The discussion of overcapitalization is clear and complete. A new definition is presented in this statement: "A corporation can be overcapitalized only when it has more resources than it can economically employ in carrying on the business for which it is organized and maintained." The authors recognize, however, that the term is loosely used in a number of senses depending on the basis of capitalization taken as a standard.

One or two statements which need correction have been noted. In discussing the details of handling freight waybills on page 186 it is said that in the case of interline shipments a duplicate waybill "is receipted and handed to the consignee when freight charges are paid." The remark is obviously incorrect. In the chapter on Causes of Insolvency the term "bankrupt" is repeatedly applied to corporations which are not subject to the provisions of the Bankruptcy act and cannot become bankrupt.

*Railroad Finance* is rich in facts. The authors have studied thoroughly all the published material bearing on their subject and have collected a mass of data. They have not drawn their information to any large extent apparently from first-hand observation or interviews. As a result, the book has a strong historical flavor. This is not so much of a drawback here, however, as it would be in treating other business subjects. Railroad financial practice is now, and for twenty years has been, highly standardized. It is not necessary, therefore, that the book should be brought down to date in order to be sound and practical. The authors have done a creditable piece of work and their research

will prove of great value to financial managers, investors, and students of finance.

W. H. LOUGH.

*New York University.*

*Federal Courts and Practice. All Sherman Law Trust Prosecutions and Syllabus of Equity, Jurisprudence, Pleading and Practice.* By JOHN A. SHIELDS. (New York: The Banks Law Publishing Company. 1912. Pp. v, 874.)

The title of this work is scarcely likely to attract the attention of the economist. He will make a mistake, however, if he overlooks it, for, though not at all concerned with part I, which deals with such subjects as Territorial Courts, Attorney General, Supreme Court of the United States, Secret Service, nor with part III, which is a Syllabus of Equity, he will be considerably interested in part II. This is divided into two sections. The first, Trust Prosecutions, Decisions and Decrees, takes up at length the history of the proceedings against the Oil and Tobacco companies, with extensive excerpts from the arguments of counsel and from the decisions of both the lower and the higher courts. It also includes a full draft of the Tobacco Dissolution plan. The second section is devoted to a summary of all anti-trust suits and indictments—a much more extensive and elaborate summary than that issued in pamphlet form by the Department of Justice in the fall of 1911. As such it constitutes the best record now available of government prosecutions under the Sherman act.

WILLIAM S. STEVENS.

*Columbia University.*

*Industrial Combinations and Trusts.* Edited by WILLIAM S. STEVENS. (New York: The Macmillan Company. 1913. Pp. xiv, 593. \$2.00.)

The instructor offering courses on the trust problem will appreciate this admirable source book. The editor has brought together a representative collection of documents showing the nature of the early pools and trusts, the legislative and judicial opposition to them, the holding company, formation of the Steel Corporation and its absorption of the Tennessee Coal, Iron and Railroad Company, factors' agreements, international agreements, patent monopolies, methods of competition and restraint of trade, recent trust decisions, methods and efficacy of dissolution, and the opinions of various statesmen, financiers, business men, and reformers con-